Week beginning 9 November 2026

AUSTRALIA & NEW ZEALAND WEEKLY

Analysis and forecasts for this week's key releases.

In this week's edition:

Economic Insight: RBA hikes cash rate to new high of 4.85%, a December pause likely.

The Week That Was: Whiplash.

Focus on New Zealand: No deals are done.

For the week ahead:

Australia: Westpac-MI Consumer Sentiment, business survey, dwelling finance approvals, RBA's Hunter and Baker speaking.

New Zealand: retail card spending, RBNZ's Conway speaking.

China: CPI, PPI, trade balance, current account, new loans.

Euro Area: Q3 GDP, trade balance.

United Kingdom: Q3 GDP, BoE Governor Bailey speaking.

United States: Veterans Day, CPI, PPI, small business optimism, inflation expectations.

Information contained in this report current as at 6 November 2026.

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RBA hikes cash rate to new high of 4.85%, a December pause likely



Luci Ellis
Chief Economist, Westpac Group

As expected, the RBA Monetary Policy Board (MPB) lifted the cash rate 25bps to 4.85% at its November meeting. This follows the increase at the previous (late-September) meeting and is a marked turnaround from the outlook back in August. The post-meeting media statement cited higher global energy prices resulting from the Middle East conflict, tighter domestic capacity pressures and an increase in inflation expectations for the decision.

However, the decision was a split vote, 6 votes to 3, a possibility we have flagged for some time. In the post-meeting media conference, Governor Bullock explained that the dissenting minority put more weight on the downside risks and did not see signs of wages growth picking up as much as the staff forecasts implied. Those members were reportedly more confident that slower growth would prevent higher inflation expectations becoming entrenched.

Financial conditions are restrictive and this is expected to bring inflation down over time. Because the RBA assesses the risks to the inflation outlook to still be skewed to the upside, the outlook for coming meetings will still be for a decision between holding and hiking. But we note that the post-meeting statement omitted September's language "including increasing the cash rate target further if needed" from the commitment to do what is necessary to get inflation down.

In the post-meeting media conference, the Governor commented that after five hikes, this is probably a good time to "take stock". Together with the dissents, we read this as confirming our current view that the MPB will keep rates on hold in December. There is also considerable data flow between now and then, which could go either way, including the Q3 national accounts.

Similarly, a lot could happen between now and February, but we see it as the next most likely timing for a hike, should one eventuate. We still see that as a risk rather than a base case.

Revised forecasts published in the accompanying Statement on Monetary Policy (SMP) show underlying inflation lingering around current rates for longer. This contrasts with the previous SMP forecasts in August, which showed trimmed mean inflation returning to the 2–3%yr target range by late 2027 and a little below the 2.5%yr target midpoint in 2028. We note, however, that the conditioning assumptions on oil prices, which are based on futures prices, were at a local peak at the time the forecasts were finalised.

The RBA's GDP growth forecasts for 2027 and 2028 were both revised down –0.3%pts to 1.3% for 2027 and 1.5% in 2028, despite an upward revision to the near term. This is well below even the RBA's downbeat view of potential output growth. Within the GDP aggregate, recent misses and leading indicators have required upward revisions to the near-term outlooks for business and dwelling investment, and downside revisions to public demand. These revisions were offset further out with downward revisions to the 2028 outlook for business and dwelling investment and an upward revision to public demand. Household consumption forecasts were revised down across most of the profile.

"RBA lifts cash rate 25bps to 4.85% in split vote, citing "broadly based" domestic inflation pressures, Middle East conflict and AI boom."

With the unemployment rate already at 4.7% in August and September – a rate the RBA did not forecast until end-2027 in its August SMP forecasts – the RBA has lifted its unemployment forecast to show a peak of 5.1% in at end-2028, the end of the forecast horizon. This largely reflects stronger labour supply, with forecasts for employment growth essentially unchanged. We have repeatedly flagged that cost-of-living pressures are likely to keep people in the labour force and thus boost the participation rate. The RBA had previously not factored this adequately into its forecasts but acknowledged in the SMP that this mechanism had kept participation higher than it had expected at the time of the August SMP.

However, because inflation surprised to the upside recently, this additional labour supply has had no bearing on the RBA's assessment of capacity pressures. The RBA assesses the domestic economy to still be a little tight, and tighter than previously judged. The RBA's framework for assessing the degree of spare capacity or tightness in the economy necessarily translates an upside surprise on inflation (or unit labour costs) into a conclusion that the economy must be tighter than previously judged. Indeed, the RBA's estimate of the NAIRU (unemployment rate consistent with inflation stable at target) has been revised up to 4.75%.

The RBA highlighted that elevated inflation expectations may be contributing to higher realised inflation. Consumer inflation expectations have started to lift again but remain below where they peaked earlier this year. However, the RBA appears

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to be putting more attention on the inflation expectations of firms and the frequency of mentions of pricing in their liaison program. This is putting a lot of weight on proprietary information that is not clearly validated by other, longer-running data sources.

The AI boom is heavily cited in the SMP and other post-meeting communication. The RBA has lifted its forecasts for major trading partners, especially high-income Asian economies that are the centre of high-tech manufacturing. Demand for AI-related goods is also cited as a driver of both global and domestic inflation. And although the RBA has revised up its near-term forecasts for business investment on the back of strong data centre activity, it is working on the assumption that Australia does not become 'a significant regional hub for data centres'. Nor does it allow for any boost to productivity trends from the technology, even in 2028. This is a very different view of the risks from AI than the RBNZ expressed last week. For the RBA, it is all about inflation, a little bit about pressure on domestic construction resources, and nothing about either an ugly unwind of the current financing boom or a future productivity dividend.

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Cliff Notes: whiplash

Elliot Clarke, Head of International Economics
Ryan Wells, Economist

In Australia, the RBA delivered another 25bp rate increase at its November meeting, taking the cash rate to 4.85%. The move was widely expected, reflecting the Board's continued concern around inflation following the recent run higher in global energy prices, firmer domestic capacity pressures and signs that inflation expectations have edged up. Inflation is now not expected to return to the mid-point of the target band until mid-2028. This is despite weaker growth expectations and the unemployment rate trending up to 5.1% by end-2028 on the RBA's forecasts.

Importantly, though, the decision was not unanimous, with three members preferring to remain on hold given downside risks to activity and the restraining influence of slower growth. Governor Bullock's suggestion that it was time to "take stock" after five rate increases also struck a less hawkish note, while the statement dropped September's explicit reference to raising rates further "if needed". In our view, February represents the next plausible opportunity for another hike, but we see this only as a risk.

Policy's effect on housing is becoming increasingly visible. Cotality home prices fell a further 1.2% in October to now be 6.7% below March's peak. The cumulative price decline is approaching the scale of previous housing corrections but appears to have regained momentum after September's rate increase. Dwelling approvals saw a 5.1% headline gain in September, but this was driven by volatile unit approvals while detached house approvals fell sharply, suggesting higher rates and the established-market downturn are beginning to weigh on the construction pipeline.

Official data on nominal household spending meanwhile rose 0.6% in September and 2.1% for Q3; however, much of the recent acceleration looks to be price-driven, particularly for fuel. Real spending volumes expanded by a much more modest (but still solid) 0.7% in Q3.

The Westpac-DataX Consumer Panel provides a granular look at income, spending and saving flows. The latest update suggests that, beneath the resilient headline story, households are increasingly being squeezed, particularly those with low savings buffers. With another rate increase now delivered, housing wealth declining and sentiment weak, Q3 increasingly looks like the high-water mark for growth in consumer spending.

Lastly for Australia, in September the goods trade surplus widened sharply to $2.8bn, with non-monetary gold trade yet again adding considerable noise month-to-month. The most notable development was another exceptionally strong result for data-processing equipment imports, taking the Q3 total to $11.1bn. This is another clear marker of the scale of Australia's data-centre investment boom, which should feature prominently in both business investment and imports in the Q3 National Accounts.

"The RBA and Bank of England both tightened policy this week, in part due to price pressures emanating from the Middle East."

Offshore, the world has been focused on the US mid-term elections. In the House, Senate and a series of State Governor races, the Democrats experienced resounding victory. Come 2027, the Democrats will have a comfortable majority in both houses of Congress and are expected to make use of this strength to respond to voter concerns, particularly over cost-of-living pressures. The election result also limits President Trump's ability to fund an extended military action against Iran. Notably, both immediately before and after the election, President Trump and the administration have exhibited a greater interest in furthering negotiations with Iran. It is therefore not a surprise that Brent oil has backed off its most recent highs around USD118 last Friday, although the scale of the drop to near USD93 yesterday is arguably too optimistic. Brent has since traded back up to above USD99, still 16% below Friday's peak.

While the initial reaction to the US election result was a robust broad-based rally in major equity indexes, concerns over the potential for tighter regulation of AI and the related infrastructure buildout jolted US equities lower overnight – the Nasdaq falling 5.5% and S&P500 4.4%, both a multiple of the prior session's gains. That said, US term interest rates and FOMC rate expectations have also been scaled back; so, while tech may come under greater scrutiny, a foundation for better outcomes across the rest of the US economy may become evident in time. US data out this week continued to suggest their economy is in robust health overall. And, if tensions in the Middle East abate, the FOMC's concerns over US inflation should subside. Gaining enough comfort for the FOMC to not hike in December is a high bar, but the probability of further hikes in 2027 should continue to fall.

Turning then to the UK, the Bank of England raised Bank Rate by 25bps to 4.00% at their November meeting as expected. On the Bank's baseline expectation, UK inflation is forecast to rise from 3.5%yr at September to 5.00% by mid-2027. Activity data has also surprised to the upside in recent months, though "there remains limited evidence of knock-on effects on other prices and wages".

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In the press conference, Governor Bailey recognised the nascent improvement in energy price pressures over the past 48 hours and the effectiveness of monetary policy but also conveyed that "Unless progress towards resolving the conflict is made, or there is other news which softens the risk to inflationary pressures, a further increase in Bank Rate may be warranted". Governor Bailey's tone and comments made in the minutes by other Committee members did not suggest this was a decision that needs to be made in December, but rather a risk to be judged as additional information is received. This points to further tightening being more likely in early 2027 than before, and only if conditions / risks warrant.

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No deals are done



Michael Gordon
Senior Economist

This week's developments underscore our message that a rate hike at the RBNZ's December meeting is far from a done deal. New Zealand's labour market remains softer than expected, and that will be noted by those on the policy committee who question the extent of second-round inflation pressures. The rout in the US mid-term elections has also taken significant heat out of oil prices for now, although it's unclear whether that situation will hold through to next month. Our view on the endpoint for this OCR cycle remains unchanged, but there's a growing risk that the RBNZ could slow the pace of tightening in the new year.

The September quarter labour market surveys pointed to ongoing softness in the jobs market. The unemployment rate rose from 5.6% to 5.7%, continuing a four-year run of increases, and reaching its highest level since 2015. Employment was softer than expected, and wage growth remains subdued despite increasing cost-of-living pressures.

The Household Labour Force Survey (HLFS) showed a surprise 0.1% fall in employment in the September quarter, after a downwardly revised 0.3% increase in the June quarter. That went against the Monthly Employment Indicator (MEI) measure of filled jobs, which had suggested some upward momentum emerging in the jobs market (and notably, the HLFS measure had outpaced the MEI for the previous nine straight quarters).

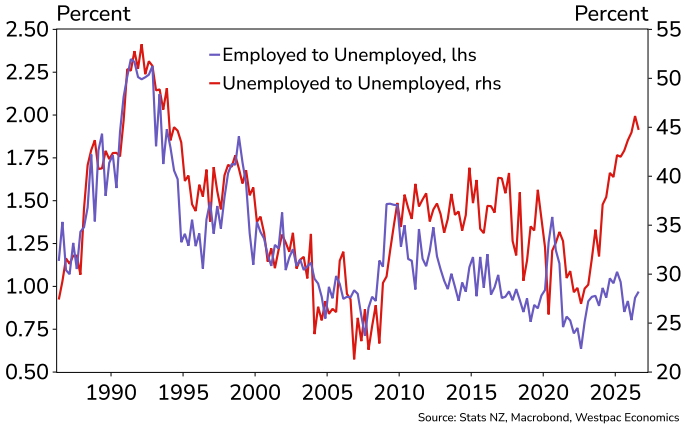
The fall in HLFS employment was accompanied by a fall in the labour force participation rate from 70.6% to 70.4%. These co-movements essentially reversed the surprisingly large increases that we saw in the June quarter, which we had suggested at the time were more likely due to sampling error in the survey rather than a genuine surge.

We generally recommend focusing on the unemployment rate, which is less vulnerable to sampling errors – and the message here is one of softness. Our best interpretation is that, to the extent that jobs are growing, it's not fast enough to absorb the growth in the population (which itself is a fairly low bar, as net migration remains at a low ebb).

Even with the economy returning to growth over the last year or so, hiring activity has remained weak. This may be an ongoing legacy of employment trends in previous years. Businesses have told us that they felt burned by the severe skill shortages that developed over 2021-23, and looked to hold on to workers to the extent they could during the 2024-25 downturn. The flipside of this is that they may now find themselves overstaffed even as activity picks up again.

This shows up most strikingly in labour force transition rates. The rise in unemployment over the last few years has not been driven by an increase in job losses, but by accumulation of people who, once out of work, are finding it increasingly difficult to get back in again. That also extends to young people trying to enter the workforce for the first time – youth unemployment of around 25% is the highest in the history of the survey going back to 1986.

Labour force transition rates



Source: Stats NZ, Macrobond, Westpac Economics

The Labour Cost Index (LCI) rose by 0.5% in the September quarter, in line with our expectations overall but a bit weaker in the details – private sector wages were up by 0.5%, while there was a surprisingly large 0.7% increase in public sector wages. There was a notable jump in the number of employers citing cost-of-living adjustments as a reason for increasing pay rates – although the size of those increases varied a great deal, with many substantially less than the headline inflation rate.

Potential RBNZ implications

The labour market data was unequivocally weaker than expected by either us or the RBNZ. While likely not a gamechanger for the cycle overall, it will add ammunition to the arguments of the doves on the Monetary Policy Committee that a pause in interest rate rises will make sense soon – perhaps in December or early next year. It's likely the case that interest rate markets were over-pricing the odds of a hike at the 9 December MPS, so the subsequent pullback in pricing makes sense.

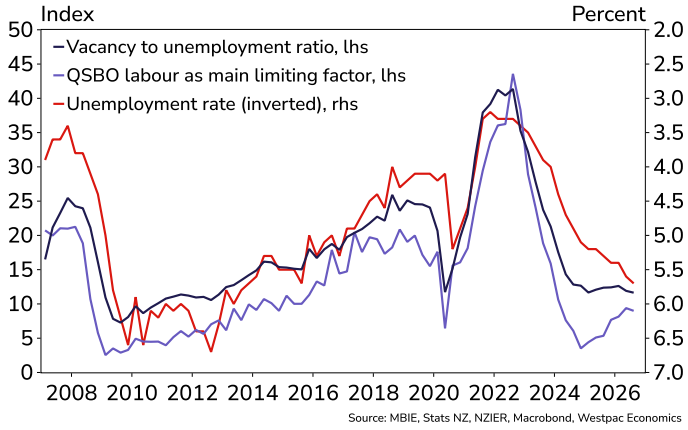
The message from the RBNZ in the October meeting was to be careful about pricing in "done deals", and that the outlook

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will be data-dependent. As we noted at the time, alongside measures of inflation expectations, the key domestic data to watch ahead of the RBNZ's 9 December meeting will be indicators of what is happening to excess capacity (the output gap), as this will be a key determinant of the Bank's assessment of the outlook for inflation over the coming year.

The RBNZ looks at a broad suite of indicators of labour market slack, although their research found that only four of them seem to have predictive power: the unemployment rate, the vacancy to unemployment ratio, the QSBO measure of labour as the main limiting factor to growth, and the rate of transition between jobs. The first three of these all pointed to a softening in the September quarter. (The fourth one is calculated from income tax data, so it's not publicly available and even the RBNZ receives it only with a lag.)

RBNZ measures of labour market tightness



Source: MBIE, Stats NZ, NZIER, Macrobond, Westpac Economics

In the eyes of the dovish MPC members, the softness in the labour market indicators will likely push in the direction of having greater comfort with the medium-term inflation outlook. The outcome of the election, with the possibility of a return to a dual inflation/employment mandate, could increase the prominence of these factors. This likely won't be an explicit factor in the RBNZ's reasoning at its December review, but it may be in the minds of individual MPC members.

That said, it's important to remember that in the RBNZ's forecasting framework, the GDP figures are the main determinant of excess capacity in the economy. The most recent GDP data tells us that the output gap probably narrowed a bit through the June quarter, mainly reflecting historical revisions. In light of the latest labour market figures, there may be some downside risk to the outlook for Q3 GDP – but there are conflicting indicators there, so it's not that clear.

At last month's surprise on-hold OCR decision, Governor Breman lamented that there was no protocol for the RBNZ to be able to signal how it was reading the economic data – in particular the softer than expected Q3 CPI print – ahead of the policy meeting. In that light, it will be interesting to see whether they use some already-scheduled speaking engagements to signal what they make of the labour market data. Top of mind is Chief Economist Conway's 10 November speech to the UBS Australasia Conference (pointedly titled "How is the NZ economy tracking"). Governor Breman is also speaking to the Institute of Directors on 19 November.

Our view remains that the December OCR hike is more likely than not. But there will be a clear debate to be had between the MPC hawks and doves, and it may again come down to a vote. We still expect a 4% peak in the OCR for this cycle, but the time taken to get there could be more flexible. Takes along the lines of "3% is the terminal rate" seem rather hasty on the basis of a single data release.

Aside from how the Committee interprets the labour market data, the key considerations in December will be: the RBNZ's surveys of inflation expectations by households and businesses; whether the US mid-term elections lead to a sustained de-escalation in the Middle East and a pullback in oil prices; and whether developments in the AI space exacerbate some MPC members' concerns about the global economic environment.

And then of course there's the result of the General Election, with voting closing on Saturday evening. The actual formation of a government is likely to take weeks of negotiation, so the outcome may not be known by the 9 December MPS but at least the range of possibilities should be clearer. We'll publish our initial thoughts on the election results early on Monday morning.

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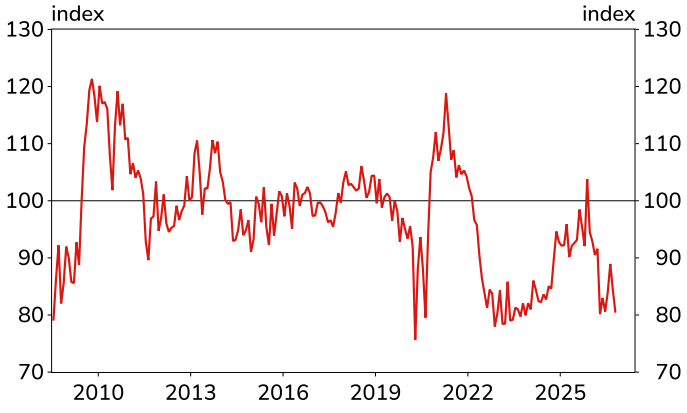
AUS: Nov Westpac-MI Consumer Sentiment (index)

Nov 10, Last: 84.4

Consumer sentiment fell 4.7% to 80.4 in Oct, returning to the deeply pessimistic levels seen earlier in the year. Responses over the course of the survey week showed a very sharp deterioration after the RBA rate hike.

The Nov survey is in the field over the week ended Nov 7. Interest rates will again factor with the RBA raising the cash rate by another 25bps to 4.85%, an 18yr high. Average pump prices also pushed higher, the national average just under $2.40/litre, while the housing market downturn has continued to broaden and deepen. The US mid-term election results may have some effects on sentiment locally as well.

Consumer Sentiment Index



Source: Melbourne Institute of Applied Economic & Social Research, Macrobond, Westpac Economics

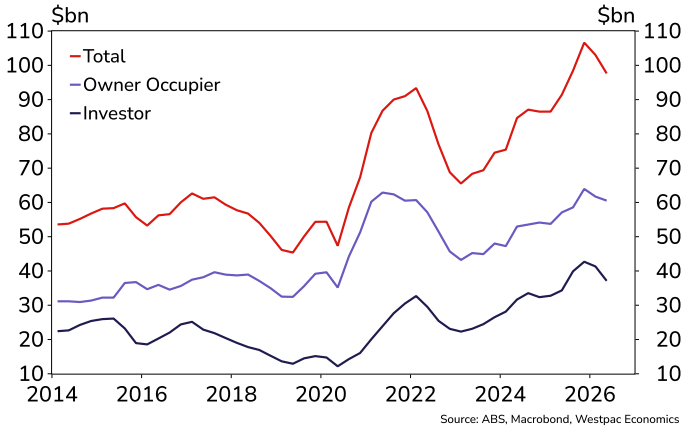
AUS: Q3 Housing Finance Approvals (%qtr)

Nov 11 Last: –5.2, Westpac f/c: –10
Market f/c: –8.5, Range: –15 to –5

The total value of housing finance approvals fell The value of new dwelling finance approvals excl. refinance fell 5.2%qtr, the largest quarterly drop in three years. Annual growth eased to 7.3%yr. The weakness was accounted for mainly by lower lending volumes: loan numbers were down 4.0%qtr (–0.6%yr), while average loan size also contributed negatively.

Q3 is expected to see an even bigger decline with the full impact of interest rate rises and tax policy changes showing through. The value of both loan enquiries and turnover fell by around 10% in the quarter. We expect total finance approvals to show a 10% drop as well, with investor loan approvals likely to be down 16%qtr and owner occupier approvals down 6%qtr.

Dwelling Finance Approvals



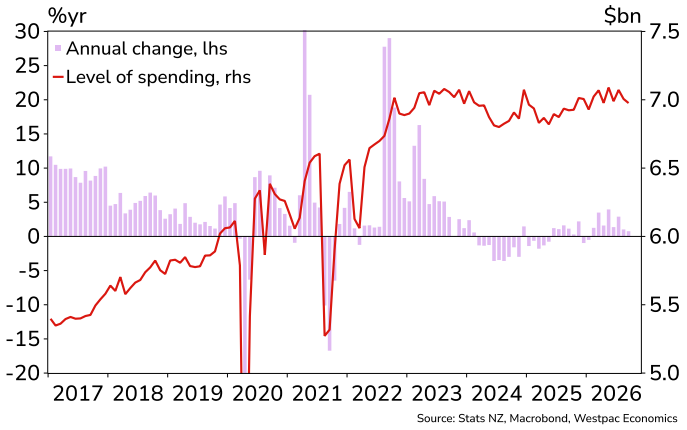
Source: ABS, Macrobond, Westpac Economics

NZ: Oct Retail Card Spending (%mth)

Nov 12, Last: –0.4, Westpac f/c: 1.4

We're forecasting a 1.4% rise in retail spending in October. While that would be a solid increase, it's in large part due to the 11% rise in petrol prices over the past month. Stripping out fuel spending, we're forecasting a 0.6% rise in core spending categories. Core spending has been very choppy recently, and the increase we're assuming follows falls in the past few months. A result in line with our expectations would leave the trend in core spending relatively flat since the start of this year with the rise in fuel prices weighing on spending in other areas.

NZ retail card spending



Source: Stats NZ, Macrobond, Westpac Economics

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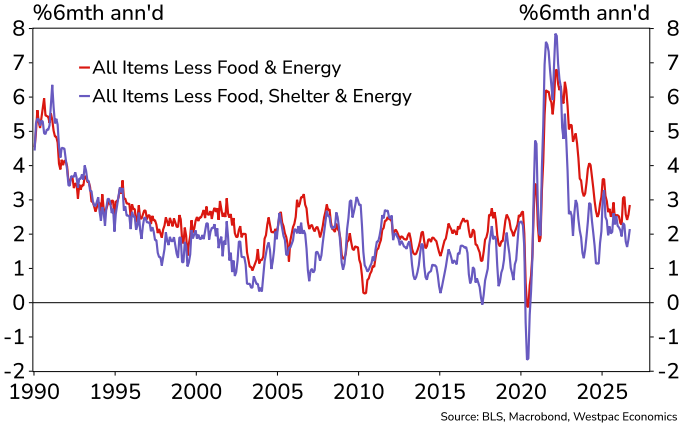
US: Oct CPI (%mth)

Nov 11, Headline, Last: 0.6, Market f/c: 0.3, Westpac f/c: 0.4

US consumer prices rose by 0.6% in September, although half of the gain was due to energy inflation, with core prices instead up 0.3%. Over the year, prices were reported to have risen 3.7%yr overall and 2.6%yr excluding food and energy. Constructively, ex food, energy and shelter, annual inflation met the FOMC's medium-term target of 2.0%yr.

Come October, energy price pressures are set to recede given the pre-election run higher in oil prices came late in the month. A softer print for shelter is also likely to moderate core momentum. We see a 0.4% gain for the headline measure and a 0.2% result for core inflation as most probable. Looking to 2027, disinflation is expected to continue at a measured pace towards the medium-term target.

Ex shelter, core inflation at target



Source: BLS, Macrobond, Westpac Economics

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What to watch

	For	Data/Event	Unit	Last	Market f/c	Westpac f/c	Risk/Comment
Mon 09							
Aus		RBA Chief Economist Hunter	–	–	–	–	Speaking at UBS Australasia Conference, 9:30am AEDT.
Chn	Oct	PPI	%ann	5.0	5.4	–	China's inflation remains supply–led ...
	Oct	CPI	%ann	0.9	0.8	–	... while consumer inflation is comparatively subdued.
	Oct	New Loans YTD	CNYbn	11520	11580	–	Credit growth continues to slow year–on–year ...
	Oct	M2 Money Supply	%ann	7.2	7.3	–	... note this data is due 9–14 November.
Eur	Nov	Sentix Investor Confidence	index	2.7	2.0	–	Has recovered from recent lows.
UK		BoE Governor Bailey	–	–	–	–	Speaking in Zurich.
US		Fedspeak	–	–	–	–	Goolsbee.
	Sep	Wholesale Inventories	%mth	0.6	0.6	–	Final estimate.
	Oct	NY Fed 1–Yr Inflation Expectations	%ann	3.9	3.8	–	Will test whether price concerns are easing.
Tues 10							
Aus	Nov	Westpac–MI Consumer Sentiment	index	80.4	–	–	Cost–of–living pressures bring about deep pessimism again.
	Oct	NAB Business Conditions	index	–1	–	–	Conditions are at their weakest since the pandemic.
NZ		RBNZ Chief Economist Conway	–	–	–	–	Speaking on the NZ economy at 11:15am AEDT.
Jpn	Sep	Household Spending	%ann	–3.1	–2.8	–	Household spending remains a weak link.
	Sep	Current Account Balance	¥bn	4062.0	3262.2	–	External accounts remain well supported.
Chn	Oct	Trade Balance	US$bn	133.5	127.0	–	Export growth has held up despite global headwinds.
US	Oct	NFIB Small Business Optimism	index	97.9	98.2	–	Small business confidence has struggled for momentum.
	Oct	CPI	%mth	0.6	0.3	0.4	Energy costs are driving headline inflation higher.
Wed 11							
Aus	Q3	Dwelling Finance Approvals	%qtr	–5.2	–8.5	–10	Even bigger decline in housing finance on the cards for Q3 ...
	Q3	Owner–Occupier Approvals	%qtr	–1.9	–	–6	... as interest rates and tax changes continue to impact ...
	Q3	Investor Approvals	%qtr	–10.2	–	–16	... investor loan approvals likely to fall more sharply.
US		Veterans Day	–	–	–	–	Stock markets open, bond markets closed.
Thu 12							
Aus	Nov	MI Inflation Expectations	%ann	5.3	–	–	Picking up once again.
		RBA MPB Member	–	–	–	–	Baker speaking at ARCA Credit Summit, 10:30am AEDT.
NZ	Oct	Retail Card Spending	%mth	–0.4	–	1.4	Higher fuel price boosting spending, core more moderate.
	Sep	Net Migration	no.	1530	–	–	Gradually trending higher with departures slowing.
Jpn		BoJ Board Member	–	–	–	–	Asada speaking in Nagasaki.
	Oct	PPI	%	–0.3	0.2	–	Upstream price pressures have moderated.
UK	Q3	GDP	%ann	0.5	0.7	–	The UK was the fastest–growing G7 economy in H1 2026.
US		Initial Jobless Claims	000s	189	195	–	Claims remain low and stable.
	Oct	Existing Home Sales	%mth	1.5	–3.3	–	Higher rates continue to weigh on housing demand.
		Fedspeak	–	–	–	–	Hammack, Goolsbee, Daly.
Fri 13							
NZ	Oct	Manufacturing PMI	index	56.5	–	–	Has remained firm in recent months.
Chn	Q3	Current Account Balance	US$bn	193.7	–	–	External strength remains an important growth support.
Eur	Q3	GDP	%qtr	0.4	0.4	–	Growth has proven resilient despite the energy shock.
	Sep	Trade Balance	€bn	–6.8	–	–	Higher imports from China are weighing on the trade balance.
US	Oct	PPI	%mth	1.3	0.4	–	Producer inflation is running at its fastest pace since 2022.
		Fedspeak	–	–	–	–	Williams, Daly, Jefferson.

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Economic & financial forecasts

Interest rate forecasts

Australia	Latest (6 Nov)	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28	Sep–28	Dec–28
Cash	4.85	4.85	4.85	4.85	4.60	4.35	4.10	3.85	3.85	3.85
90 Day BBSW	4.93	4.95	4.95	4.80	4.55	4.30	4.10	3.95	3.95	3.95
3 Year Swap	4.71	4.90	4.85	4.75	4.65	4.55	4.45	4.35	4.30	4.25
3 Year Bond	4.69	4.90	4.85	4.75	4.65	4.55	4.45	4.35	4.30	4.25
10 Year Bond	5.02	5.20	5.15	5.10	5.05	5.05	5.00	5.00	5.00	5.00
10 Year Spread to US (bps)	17	15	15	15	15	10	0	–5	–10	–15
United States										
Fed Funds	3.875	4.125	4.125	4.125	4.125	4.125	3.875	3.625	3.625	3.625
US 10 Year Bond	4.85	5.05	5.00	4.95	4.90	4.95	5.00	5.05	5.10	5.15
New Zealand										
Cash	2.75	3.00	3.50	3.75	4.00	4.00	4.00	4.00	3.75	3.75
90 Day Bill	3.11	3.40	3.75	4.00	4.20	4.20	4.20	4.15	3.95	3.95
2 Year Swap	3.69	4.10	4.20	4.25	4.20	4.20	4.15	4.15	4.10	4.10
10 Year Bond	4.64	5.00	5.00	5.00	5.05	5.05	5.05	5.05	5.05	5.05
10 Year Spread to US (bps)	–20	–5	0	5	15	10	5	0	–5	–10

Exchange rate forecasts

	Latest (6 Nov)	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27	Mar–28	Jun–28	Sep–28	Dec–28
AUD/USD	0.6902	0.72	0.72	0.73	0.73	0.73	0.73	0.72	0.72	0.72
NZD/USD	0.5566	0.56	0.58	0.61	0.63	0.64	0.64	0.64	0.65	0.65
USD/JPY	157.82	156	154	153	152	151	150	149	148	146
EUR/USD	1.1199	1.14	1.16	1.18	1.20	1.21	1.22	1.22	1.21	1.21
GBP/USD	1.3433	1.34	1.35	1.36	1.38	1.39	1.40	1.41	1.41	1.40
USD/CNY	6.6688	6.65	t6.60	6.50	6.45	6.40	6.35	6.35	6.30	6.30
AUD/NZD	1.2399	1.27	1.24	1.20	1.16	1.15	1.13	1.12	1.12	1.11

Australian economic forecasts

	2026				2027				Calendar years			
% change	Q1	Q2	Q3(f)	Q4(f)	Q1(f)	Q2(f)	Q3(f)	Q4(f)	2025	2026(f)	2027(f)	2028(f)
GDP %qtr	0.3	0.4	0.5	0.2	0.4	0.3	0.4	0.5	–	–	–	–
%yr end	2.5	2.1	2.2	1.5	1.6	1.5	1.4	1.6	2.6	1.5	1.6	2.4
Unemployment rate %	4.2	4.4	4.6	4.7	4.7	4.8	4.8	4.7	4.3	4.7	4.7	4.5
Wages (WPI) (sa) %qtr	0.8	0.8	1.0	0.8	0.8	0.8	0.8	0.8	–	–	–	–
%yr end	3.2	3.2	3.4	3.4	3.4	3.4	3.2	3.2	3.4	3.4	3.2	3.4
Headline CPI %qtr	1.4	0.6	1.3	1.3	0.4	0.5	1.0	0.5	–	–	–	–
%yr end	4.1	3.9	3.9	4.6	3.6	3.4	3.2	2.4	3.6	4.6	2.4	2.3
Trimmed Mean CPI %qtr	0.8	0.8	1.0	0.9	0.7	0.7	0.7	0.7	–	–	–	–
%yr end	3.5	3.6	3.7	3.5	3.3	3.3	3.1	2.9	3.3	3.5	2.9	2.4

New Zealand economic forecasts

	2026				2027				Calendar years			
% Change	Q1	Q2	Q3(f)	Q4(f)	Q1(f)	Q2(f)	Q3(f)	Q4(f)	2025	2026(f)	2027(f)	2028(f)
GDP %qtr	0.9	0.2	0.6	0.7	0.9	0.5	0.6	0.7	–	–	–	–
Annual avg change	0.9	1.7	2.1	2.4	2.4	2.5	2.6	2.6	0.3	2.4	2.6	3.0
Unemployment rate %	5.4	5.6	5.7	5.7	5.6	5.5	5.3	5.1	5.4	5.7	5.1	4.5
CPI %qtr	0.9	1.5	0.7	1.2	0.3	0.4	0.5	0.2	–	–	–	–
Annual change	3.1	4.1	3.7	4.3	3.7	2.5	2.3	1.4	3.1	4.3	1.4	1.9

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